

CONTRACT INFORMATION SHEET

Change Scope of Work

Contract Type 2
 1 = Intergovernmental
 2 = Personal Service-Client
 3 = Personal Service-Non Client
 4 = Interagency Agreement
 5 = Loans
 6 = Capital Budget Construction
 7 = Revenue Contracts or Agreements (see reverse)
 8 = Other Types of Contracts/Agreements

CONTRACT NUMBER

XPS Letter's Reply
 Priority X
 10/12/93 N

Fiscal Year of Funding 92
 Program Index 410
 Sequence Number 18A
 IF AMENDMENT ENTER CODE (A-Z) A

Other Agency Contract Number
 (on contract type 4 and 7 only)

CONTRACTOR LAST NAME

VETERENS INDEPENDENT ENTERPRISES

FIRST NAME

START DATE TERMINATION DATE

ON FILE

04 13 92 12 31 93 TAX ID _____ or SSN _____
 MO DA YR MO DA YR

*****ANSWER THE FOLLOWING ON ALL PERSONAL SERVICE CONTRACTS (OBJECTIVE)*****

* *
 * INCORPORATED? YES [] NO [] SELECTION METHOD: COMPETITIVE [] SOLE SOURCE [] *
 * *
 * OWNERS CODE: WOMAN OWNED [] MINORITY OWNED [] NOT OWNERS OWNED [] *
 * *

* CLIENT SERVICE? YES [] NO [] REQUIRES CRM FILING? YES [] NO [] *

NAME OF PROGRAM: HOUSING ASSISTANCE PROG. DESCRIPTION OF CONTRACT/AMENDMENT: Amend
 Section 5.03 to extend Time of Performance from August 31, 1993 to December 31, 1993

COODING/CONTRACT AMOUNT	FUND	APPROP	PI	PROJECT	SUB-OBJECT	AMENDMENT AMOUNT
STATE GF \$ _____	_____	_____	_____	_____	_____	\$ _____
PROVISO \$175,467	057	A42	491	4913	NZ-	\$ NO CHANGE
DEDICATED\$2,500	532	3B0	410		NZ-3000	\$ NO CHANGE
FEDERAL \$ _____	_____	_____	_____	_____	_____	\$ _____
OTHER \$ _____	_____	_____	_____	_____	_____	\$ _____
TOTAL \$ _____	_____	_____	_____	_____	_____	\$ _____

COUNTIES BENEFITTING: AMOUNT
 Pierce \$177,967

IF MATCH REQUIRED:

AMOUNT \$ _____

IN-KIND? YES [] or NO []

PROGRAM STAFF PERSON'S NAME AI D'Alessandro _____ Phone No 6-3370 _____
 ANY SPECIAL CODING INSTRUCTIONS _____

CONTRACTOR'S ADDRESS, IF NOT ON CONTRACT _____

res

STATE OF WASHINGTON

Department of Community Development
Housing Division

HOUSING ASSISTANCE PROGRAM AGREEMENT
CONTRACT NUMBER 2-92-410-18A

Veterans Independent Enterprises (VIEW)
117 American Lake
Tacoma, Washington 08493-5000

PART I: ENTIRE AGREEMENT

This contract and agreement made and entered into by and between the Department of Community Development, a department of the state of Washington (hereinafter referred to as the "DEPARTMENT"), and Veterans Independent Enterprises (VIEW) (hereinafter referred to as the "RECIPIENT"), and incorporated attachments, contains all terms and conditions agreed to by the DEPARTMENT and the RECIPIENT. In addition, ATTACHMENT I, INCOME GUIDELINES, and ATTACHMENT II, the RECIPIENT'S APPROVED HOUSING ASSISTANCE PROGRAM (HAP) APPLICATION, including its Application Assurances, are by this reference incorporated into this agreement as though set forth in full.

The DEPARTMENT and the RECIPIENT have executed this agreement as of the date and year last written below.

DEPARTMENT OF COMMUNITY
DEVELOPMENT

Name

Title

Date

Approved as to Form by the
Attorney General

Date

RECIPIENT

Name

President

Title

Date

PART II: INTRODUCTION

The DEPARTMENT has received appropriations from the Washington State Legislature under the authority of Chapter 43.185 RCW to provide financial assistance to units of local governments, local housing authorities, and nonprofit organizations to assist low and very low-income citizens in meeting their basic housing needs. Acting under the authority of Chapter 43.185 RCW, the DEPARTMENT has selected the RECIPIENT to receive a Housing Assistance Program (HAP) award for an approved HAP project.

PART III: PURPOSE

The DEPARTMENT and the RECIPIENT have entered into this agreement to undertake a local housing project which furthers the goals and objectives of the Washington State Housing Assistance Program. The project will be undertaken by the RECIPIENT and will include the activities described in PART VII: SCOPE OF WORK, as well as in the approved RECIPIENT's HAP APPLICATION. The assisted project must be undertaken in accordance with PART V: GENERAL TERMS AND CONDITIONS, PART VI: SPECIAL TERMS AND CONDITIONS, and all applicable federal, state, and local laws, regulations, and ordinances, which by this reference are incorporated into this agreement as though set forth in full. A list of State Regulations is attached to the HAP APPLICATION and is incorporated herein by reference.

PART IV: CONSTRUCTION

All terms and provisions in the agreement, as well as the attachments, shall be construed in accordance with their ordinary and customary meaning. Where there is a conflict between this contract agreement and ATTACHMENT II, the RECIPIENT'S APPROVED HOUSING ASSISTANCE PROGRAM APPLICATION, the contract controls.

PART V: GENERAL TERMS AND CONDITIONS

In consideration of the covenants, conditions, performances, and provisions contained here, the parties agree as follows:

5.01 Funding

The total funds to be disbursed to the RECIPIENT for the contract period shall be a sum not to exceed \$177,967 (one hundred seventy-seven thousand, nine hundred sixty-seven dollars).

5.02 Payment

The RECIPIENT shall receive payment for eligible HAP expenditures through the issuance of warrants from the DEPARTMENT. Request for payments will be made on Washington State Invoice Voucher forms provided by the DEPARTMENT. Payment schedules shall be established as a special condition of this contract and will be based on adherence to and performance of agreed upon project timelines and milestones. HAP MONIES MAY NOT BE USED TO REIMBURSE THE RECIPIENT FOR ANY COSTS INCURRED PRIOR

TO EXECUTION OF THIS AGREEMENT.

5.03 Time of Performance

The activities described in ATTACHMENT II, the RECIPIENT'S APPROVED HOUSING ASSISTANCE PROGRAM APPLICATION, and payable under this contract shall commence within six months from the date and year this contract is fully executed by both parties, and shall be completed by August 31, 1993 in accordance with the work plan and schedule found in ATTACHMENT II. Upon expenditure of all HAP funds, a Phase I financial closeout report and audit will be required.

The DEPARTMENT reserves the right to terminate the contract agreement and recover the RECIPIENT'S HAP award as described in Section 5.24, Termination for Cause, if the RECIPIENT fails to proceed with project implementation within six months of the formal execution of this contract. Time is of the essence.

5.04 Length of Commitment

The length of commitment to serve the original target population with the HAP-supported project will be 50 (fifty) years, and shall commence upon project completion. Annual performance reports will be initiated by the DEPARTMENT and completed by the RECIPIENT within 30 days of receipt.

5.05 Benefit Standard

All beneficiaries of this project shall have incomes that do not exceed fifty percent (50%) of the median for the area in which the project is located. These income limits are included in ATTACHMENT I, INCOME GUIDELINES, and any updated guidelines are made part of this agreement by reference. Income verifications will be made in accordance with methods prescribed by or agreed to by the DEPARTMENT.

5.06 Fair Housing/Affirmative Marketing

The project will be managed at all times in compliance with the United States and Washington State "Fair Housing Laws," RCW 49.60, and affirmatively marketed to all eligible beneficiaries in a non-discriminatory manner.

5.07 Women and Minority-Owned Business Enterprise

Nonprofit RECIPIENTS of Housing Trust Fund allocations will make every effort to do business with Women and Minority-Owned Business Enterprises (WMBE) certified under Washington Administrative Code 326 during the conduct of their approved HAP project. Local government and housing authority RECIPIENTS shall comply with WMBE regulations when necessary.

5.08 Legal Authority

The RECIPIENT certifies that it possesses legal authority as an eligible applicant (city, county, public housing authority, or certified 501(c)(3) nonprofit corporation) to accept funds under the state of Washington Housing Assistance Program and to execute the project described in this contract by signing the contract documents. The RECIPIENT'S relation to the DEPARTMENT shall be at all times as an independent contractor.

5.09 Waiver

No conditions or provisions of this agreement can be waived unless approved in writing by the DEPARTMENT. The DEPARTMENT'S failure to insist upon the strict performance of any provision of this agreement, or to exercise any right based upon a breach of the agreement, or the acceptance of any performance during such breach, shall not constitute a waiver of any right under this agreement.

5.10 Amendments and Modifications

The DEPARTMENT or the RECIPIENT may request an amendment or modification of this agreement. However, such agreement shall not take effect until approved, in writing, by the DEPARTMENT and the RECIPIENT.

5.11 Recordkeeping

The RECIPIENT agrees to keep such beneficiary and other demographic records as the DEPARTMENT may require. Such records will include information pertaining to authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income as well as income information on beneficiaries of this HAP project. They will also include information pertaining to project performance and efforts to comply with the provisions of the contract. All such records, and all other records pertinent to the grant and work undertaken as part of the project, shall be retained by the RECIPIENT for a period equal to the length of commitment to serve the original target population unless otherwise required by the requirements included in the contract under PART VI: SPECIAL TERMS AND CONDITIONS or PART VII: SCOPE OF WORK. If any claim, litigation, or audit is started before expiration of the length of commitment, the records must be retained until all litigation, claims, or audit findings involving the records or the contract have been fully resolved or terminated.

5.12 Assignability

The RECIPIENT shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation), except with express written approval of the DEPARTMENT.

If this contract is subject to termination, the DEPARTMENT retains the right of first refusal on the sale of the subject property, even if it's interest is subordinate to those of other project financiers. The DEPARTMENT may, at it's option, assign it's interest in the project to an entity of its choosing or purchase the property. This right of first refusal shall be exercised within ninety (90) days of the RECIPIENT's receipt of notification of contract

termination by the DEPARTMENT.

5.13 Financial Management and Accounting

The RECIPIENT shall establish and maintain a financial management and accounting system that conforms to generally accepted accounting principles or such equivalent system as the DEPARTMENT may require.

5.14 Program Income

Program income is money earned from the use of Housing Assistance Program dollars, such as interest earnings on the deposit of Housing Assistance Program awards. When program income is generated, the earnings will be used first by the RECIPIENT before drawing additional funds to complete activities included in PART VII: SCOPE OF WORK and the referenced application.

5.15 Access to Records

The DEPARTMENT and duly authorized officials of the state government shall have full access and authority to conduct an on-site inspection during regular office hours and with reasonable notice to examine, excerpt, copy, or transcribe any pertinent documents, papers, records, and books of the RECIPIENT and of persons or organizations with which the RECIPIENT may contract, involving transactions related to the project and this contract.

5.16 Reports

The RECIPIENT shall furnish the DEPARTMENT with any periodic reports it may request pertaining to the activities undertaken under this contract, and certify the accuracy of the information contained in the periodic reports, including any close-out reports, the costs and obligations incurred in connection with the project, and any other matters covered by this contract. The RECIPIENT shall furnish the DEPARTMENT with annual monitoring reports including Pro Forma operating statements, operating and replacement reserve balances and activity, and other such financial and project information which it shall require.

5.17 Acquisition and Disposition of Property and Equipment

The use of proceeds from the sale or lease of real property acquired with Housing Assistance Program financial assistance shall be directed by the terms and conditions specified in PART VII: SCOPE OF WORK.

5.18 Obligations Regarding Third-Party Relationships

The RECIPIENT shall remain fully obligated under the provisions of this contract agreement notwithstanding its designation of any third party or parties of the undertaking of all or any part of the project described here. Any subcontractor that is not the RECIPIENT shall comply with all lawful requirements of the RECIPIENT necessary to

ensure that the project is carried out in accordance with the provisions of this contract agreement.

The RECIPIENT shall bind all subcontractors to each and every applicable contract provision. Each subcontract for any work to be performed with funds granted under this contract shall specifically include a provision that the DEPARTMENT and the state of Washington are not liable for damages or claims from damages arising from any subcontractor's performance or activities under the terms of the subcontracts.

5.19 Conflict of Interest

No officer or employee of the DEPARTMENT; no member, officer, or employee of the RECIPIENT or its designees or agents; no member of the governing body of the jurisdiction in which the project is undertaken or located; and no other official of such locality or localities who exercises any functions or responsibilities with respect to the project during his or her tenure, shall have any personal or pecuniary gain or interest, direct or indirect, in any contract, subcontract, or the proceeds, for work to be performed in connection with the project assisted under this contract agreement.

The RECIPIENT shall incorporate, or cause to incorporate, in all such contracts or subcontracts, a provision prohibiting such interest pursuant to the purpose of this provision.

The DEPARTMENT reserves the right to waive these conflict of interest provisions based on a case-by-case review in accordance with each element required in 24 Code of Federal Regulations 570.611.

5.20 Recipient Not Employee of Department

The RECIPIENT, his employees, or agents performing under this contract are not deemed to be employees of the DEPARTMENT, nor as agents of the DEPARTMENT in any manner whatsoever. The contractor will not hold himself out as, nor claim to be, an officer or employee of the DEPARTMENT, or of the state of Washington and will not make any claim, demand, or application to, or for, any right or privilege applicable to any officer or employee of the DEPARTMENT or the state of Washington.

5.21 Political Activity

No portion of the funds provided under this contract shall be used for any partisan political activity or to further the election or defeat of any candidate for public office or influence the approval or defeat of any ballot issue.

5.22 Notices

The RECIPIENT shall comply with all public notices or notices to individuals required by applicable state, local, and federal laws and shall maintain a record of this compliance.

The RECIPIENT shall also submit all project-related press releases to the DEPARTMENT

for review. All press releases shall identify the DEPARTMENT as a project participant and financier.

5.23 Prohibition Against Payment of Bonus or Commission

The assistance provided under this contract shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such assistance or any other approval or concurrence under this contract provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

5.24 Termination by Mutual Agreement

This contract may be terminated, in whole or in part, prior to the completion of contract project activities when both parties agree that continuation is not feasible or would not produce beneficial results commensurate with the further expenditure of funds. The DEPARTMENT will determine whether an environmental review of the cancellation is required. The parties must agree on the termination conditions, including effective date and the portion to be terminated. The RECIPIENT shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The DEPARTMENT shall make funds available to the RECIPIENT to pay for allowable expenses incurred before the effective date of termination.

5.25 Termination for Cause

If the RECIPIENT fails to comply with the terms of this contract agreement, or fails to use the grant or loan for only those purposes set forth here, the DEPARTMENT may take the following actions:

- A. **Suspension** - After thirty (30) days written notice to the RECIPIENT during which such period no funds shall be released nor disbursed, nor any obligation incurred, suspend the grant or loan and withhold any further payment of and prohibit the RECIPIENT from incurring additional obligation of HAP funding, pending corrective action by the RECIPIENT or a decision to terminate. In the written notice to RECIPIENT, the DEPARTMENT shall specify the reason(s) for the proposed suspension and the proposed corrective action. During the thirty-day notice and cure period, the RECIPIENT may initiate the dispute resolution process provided in Section 5.28.
- B. **Termination** - Terminate the grant or loan in whole, or in part, at any time before the final HAP payment is made. The DEPARTMENT shall promptly notify the RECIPIENT in writing of its determination to terminate at least thirty (30) days prior to the proposed effective date of termination, proposed corrective action and the proposed effective date of the termination. If the RECIPIENT corrects the deficiency to the satisfaction of the DEPARTMENT within the thirty (30) day period, the termination shall not be effective. During the thirty (30) day notice and cure period, the RECIPIENT may initiate the dispute resolution process provided

in Section 5.28. Payments made to the RECIPIENT or recoveries by the DEPARTMENT shall be in accordance with the legal rights and liabilities of the parties.

5.26 Withdrawal of Funds

In the event funding from the state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, the DEPARTMENT may unilaterally terminate the agreement or renegotiate subject to those new funding limitations and conditions.

5.27 Recovery of Funds

In the event the RECIPIENT fails to expend funds under this contract in accordance with state law and/or the provisions of this contract, the DEPARTMENT reserves the right to recover state funds in an amount equivalent to the extent of the noncompliance. Repayment by the RECIPIENT of funds under this recovery of funds provision shall occur within thirty (30) days of demand. In the event that the DEPARTMENT is required to institute legal proceedings to enforce this recovery of funds provision, the DEPARTMENT shall be entitled to its costs relating to recovery, including reasonable attorney's fees.

5.28 Disputes

Except as otherwise provided in this contract and agreement, any dispute concerning a question of fact arising under this contract and agreement that is not disposed of by contract or agreement shall be decided by the director of the DEPARTMENT or his/her designee, who shall reduce the decision to writing and mail, or otherwise furnish a copy, to the RECIPIENT. The decision of the DEPARTMENT may be referred to mediation at the request of either side and, if that is unsuccessful, arbitration. The DEPARTMENT and the RECIPIENT shall each pay half the costs of any mediator or arbitrator. A mediator shall be selected pursuant to agreement between the DEPARTMENT, the RECIPIENT, and the Attorney General's Office. If mediation is unsuccessful, an arbitrator shall be selected using the same process of consensus and the parties shall be bound by the decision of the arbitrator. Should the parties fail to agree on the selection of a mediator or arbitrator, one will be appointed by the Presiding Judge of the Thurston County Superior Court.

5.29 Jurisdiction

This contract shall be governed by the law and statutes of the state of Washington. The venue of any action hereunder shall be in the Superior Court for Thurston County, Washington.

5.30 Indemnification

It is understood and agreed that this contract is solely for the benefit of the parties to the contract and gives no right to any other party. No joint venture or partnership is formed as a result of this contract.

The RECIPIENT, its successors or assigns, will protect, save, and hold harmless the DEPARTMENT and the state of Washington and their authorized agents and employees, from all claims, actions, costs, damages, or expenses of any nature whatsoever by reason of the acts or omissions of the RECIPIENT, its subcontractors, assigns, agents, contractors, licensees, invitees, employees, or any person whomsoever arising out of or in connection with any acts or activities authorized by this contract. The RECIPIENT further agrees to defend the DEPARTMENT and the state of Washington and their authorized agents and employees in any litigation, including payment of any costs or attorney's fees for any claims or action arising out of or in connection with acts or activities authorized by this contract. This obligation shall not include such claims, costs, damages, or expenses which may be caused by the sole negligence of the DEPARTMENT or the state of Washington or their authorized agents or employees: Provided, that if the claims or damages are caused by or result from the concurrent negligence of (a) the DEPARTMENT and the state of Washington and their agents or employees, and (b) the RECIPIENT, its agents, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the RECIPIENT, or RECIPIENT'S agents or employees.

5.31 Ownership of Project/Capital Facilities

The DEPARTMENT makes no claim to any capital facilities or real property improved or constructed with funds under this contract and, through these funds does not and will not acquire any ownership interest or title to such property of the RECIPIENT unless stated otherwise in PART VII: SCOPE OF WORK. The RECIPIENT shall assume all liabilities arising from the ownership and operation of the project and agrees to hold the DEPARTMENT and the state of Washington harmless from any and all causes of action arising from the ownership and operation of the project.

5.32 Severability

If any provision under this contract agreement or its application to any person or circumstances is held invalid by any court of rightful jurisdiction, this invalidity does not affect other provisions of the contract agreement which can be given effect without the invalid provision.

5.33 Performance

The DEPARTMENT'S failure to insist upon the strict performance of any provision of this contract or to exercise any right based upon breach thereof or the acceptance of any performance during such breach, shall not constitute a waiver of any rights under this contract.

5.34 Audit

In the event the RECIPIENT is a unit or subdivision of local government, audits of the grant or loan will be conducted by the State Auditor's Office in accordance with any guidelines the DEPARTMENT may prescribe. Audits of the grant or loan in regard to a

nonprofit organization may be conducted at the request of the RECIPIENT and approval of the DEPARTMENT by an independent auditing firm authorized to do business in the state of Washington. The RECIPIENT is responsible for submitting a copy of the audit to the DEPARTMENT within 30 days of the RECIPIENT'S receipt of the audit report from the State Auditor's Office or an independent auditor. Payment for the audit shall be made by the RECIPIENT. An explanation of any questioned costs must be sent to the DEPARTMENT by the RECIPIENT within 30 days of the RECIPIENT'S receipt of the audit report.

The DEPARTMENT reserves the right to recover appropriate amounts of funding, if any, from the RECIPIENT after final audit. The recovery provision set forth in 5.26, Recovery of Funds, shall be applicable to this section as well.

5.35 Insurance

In the event that the RECIPIENT subcontracts for construction, the RECIPIENT shall cause its construction subcontractors to secure regular Public Liability and Property Damage Insurance Coverage in the amount of \$1,000,000 for death or injury to any one person \$50,000 for Property Damage in any one occurrence with any aggregate Property Damage coverage of \$100,000 for two or more occurrences from an insurance company authorized to do business in the state of Washington. The RECIPIENT shall stipulate that cancellation or lapse of the required insurance prior to subcontract completion shall be a material breach of the subcontract and cause for subcontract termination. The RECIPIENT shall cause the subcontractor to provide it with a 30-day notice of cancellation issued by the insurance company.

In the event the RECIPIENT subcontracts with owners/contractors for construction of single-family units, the RECIPIENT shall cause each owner/contractor to provide evidence of a 12-month standard form homeowner's insurance policy covering the course of construction.

5.36 Subcontracts for Architectural and Engineering Services

In the event that the RECIPIENT subcontracts for architectural or engineering services, the RECIPIENT shall require that the architectural or engineering firm certify that it is authorized to do business in the state of Washington and that the firm is in full compliance with the requirements of the Board of Professional Registration, and all other applicable requirements under Washington law. The RECIPIENT shall require that the architectural or engineering firm be covered by errors and omissions insurance in an amount not less than the amount of the firm's subcontract. If the firm is unable to obtain errors and omissions insurance, the firm shall post a bond with RECIPIENT for the benefit of the RECIPIENT for not less than the amount of its subcontract. Such insurance or bond shall remain in effect for the entire term of the subcontract. The subcontract shall provide that cancellation or lapse of the bond or insurance during the term of the subcontract shall constitute a material breach of the subcontract and cause for subcontract termination. The RECIPIENT shall cause the subcontractor to provide it with a 30-day notice of cancellation issued by the insurance company. In the event that the architectural or engineering firm is also the

- project administrator, the RECIPIENT shall require that the bond or insurance shall be for not less than the amount of the entire HAP project.

5.37 Close-out

The DEPARTMENT will advise the RECIPIENT to initiate close-out procedures when the DEPARTMENT determines, in consultation with the RECIPIENT, that there are no impediments to close-out and that the following criteria have been met or soon will be met:

Phase I:

- A. The project as described in ATTACHMENT II has been completed, and all costs to be paid with HAP funds have been incurred with the exception of audit costs and any unsettled third-party claims against the RECIPIENT. Costs are incurred when goods and services are received or contract work is performed.

Phase II:

- B. The last scheduled performance report has been submitted following the expiration of the length of commitment. The RECIPIENT'S failure to submit a report will not preclude the DEPARTMENT from effecting close-out if it is deemed to be in the state's interest. Any excess HAP monies that may be in the RECIPIENT'S possession shall be returned by the RECIPIENT in the event of the RECIPIENT'S failure to finish or update the report.
- C. Other responsibilities of the RECIPIENT under this contract agreement and any close-out agreement and applicable laws and regulations appear to have been carried out satisfactorily or there is no further state interest in keeping the contract open for the purpose of securing performance.

5.38 Survival Clause

The section of PART V: GENERAL TERMS AND CONDITIONS, entitled 5.04 Length of Commitment, 5.14 Program Income, 5.15 Access to Records, 5.16 Reports, 5.17 Acquisition and Disposition of Property and Equipment, 5.27 Recovery of Funds, 5.30 Indemnification, 5.31 Ownership of Project/Capital Facilities, 5.34 Audit; PART VI: SPECIAL TERMS AND CONDITIONS; and PART VII: SCOPE OF WORK shall survive the Phase I close-out of this contract, and remain in place through the length of commitment stated in Section 5.04.

PART VI: SPECIAL TERMS AND CONDITIONS

6.01 Requirements for Drawdown of HAP Funds

Prior to the drawdown of HAP proceeds, the RECIPIENT shall provide documentation, in a form acceptable to the DEPARTMENT, that the following actions have been taken.

- A. All other funding sources for the project have been committed.
- B. The RECIPIENT has in place all applicable construction, land use, environmental, or zoning permits, and other approvals necessary.
- C. For projects including acquisition of land and/or buildings, an appropriate appraisal must be reviewed and approved by the DEPARTMENT.
- D. For projects including provision of rent subsidy payments from HUD's Section 8 program or other sources, the RECIPIENT must provide evidence to the DEPARTMENT that the subsidies have been committed.
- E. For projects including a social or human service component, the RECIPIENT must provide evidence to the DEPARTMENT that such services or an agreement to provide them are currently in place with an appropriate provider.

6.02 Timely Completion of Contract

The RECIPIENT shall notify and consult with the DEPARTMENT whenever any event affects the timely completion of the project as described in PART VII: SCOPE OF WORK, or the RECIPIENT's HAP APPLICATION.

6.03 Code Requirements

All construction and rehabilitation projects must meet or exceed the minimum requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the American Disabilities Act 1990 28 C.F.R. Part 35 may be required.

6.04 Description of Bidding Process

Prior to any bidding process for construction or rehabilitation work, the RECIPIENT shall provide the DEPARTMENT with a brief description of the bidding process to be used.

6.05 Notification of Tenant Rights/Responsibilities

The RECIPIENT shall provide all tenants with information outlining tenant rights and responsibilities under the Washington State Landlord/Tenant Act.

6.06 Participation in Religious Services

The RECIPIENT shall not require persons to participate in any religious service as a condition of receiving shelter or any other housing-related assistance.

6.07 Application for/Receipt of Non-HAP Funding

The RECIPIENT shall notify the DEPARTMENT of their application for and receipt of all non-HAP public or private project funding at any time during the length of commitment period.

6.08 Replacement Reserves

The RECIPIENT shall establish and maintain an escrow account for replacement and operating reserves. Such reserves shall be derived from property rents or other project revenue, as applicable. Replacement reserves shall be used for the replacement of building components, including appliances and mechanical systems. Operating reserves shall be used for shortfalls in project-specific operating revenues.

The reserve account balance shall be carried forward each year and identified on the HAP Annual Report.

PART VII: SCOPE OF WORK

7.01 Use of Funds and Property Location

The proceeds of this Housing Assistance Program (HAP) loan shall be used solely for the development, acquisition and rehabilitation costs for 4 (four) structures located at 3019 - 21 North Eighth Street; 1924 South M Street; 3406 South Thompson Street; and, 4320 North 27th Street, Tacoma, Washington. The Structures will provide (17) units of transitional housing and appropriate services to disabled homeless, disabled veterans in Tacoma, Washington.

7.02 Amount and Terms of Award

- A. The sum of \$2,500 will be provided as a grant for technical assistance associated with the project.
- B. The sum of \$175,467 will be allocated as four (4) zero interest, deferred loans, each payable in one lump sum upon sale or change of use of the subject property(ies).
- C. Each loan shall be secured by a promissory note and first deed of trust, in favor of the DEPARTMENT, recorded in King County, Washington. A copy of each promissory note and deed of trust shall be provided to the DEPARTMENT.

7.03 Repayment Based on Three Year Review of the Project Operating Budget

After the third year of operation, the DEPARTMENT may request a revised Operating Budget for the project. The RECIPIENT shall use a format identical to

the original HAP application Operating Budget and will provide access to backup documentation to justify conclusions.

In the event that the revised Operating Budget indicates a positive cash flow, the DEPARTMENT may revise the terms of the award to include amortized repayment on the loan amount to share in the project cash flow.

7.04 Sale and Change of Use

If the subject property is sold, or a change of use occurs, prior to Fifty (50) years from project completion, the loan balance plus an amount representing the prorated, appreciated value of the property, adjusted by any depreciable improvements financed by the RECIPIENT, shall be due and payable to the DEPARTMENT.

The DEPARTMENT's contingent interest shall survive the term of the loan. If the loan has been repaid, the amount due the DEPARTMENT is its' pro rata share of the appreciated value of the property.

The RECIPIENT may also deduct reasonable seller related costs such as appraisals and closing costs from the amount due the DEPARTMENT. Any depreciable improvement must be documented annually in the RECIPIENT's annual report to the DEPARTMENT.

If the subject property is sold, the listing price shall be supported by an appraisal approved by the DEPARTMENT.

7.05 Contingent Interest

The DEPARTMENT's proportional share of the appreciated value shall be based upon it's share of the project development cost. The project development cost is defined as the sum of pre-development, acquisition, related development, and rehabilitation costs, plus the cost of depreciable improvements. Appreciated value is the difference between the project development cost and the appraised value of the property at time of sale.

To calculate the DEPARTMENT's proportional share of the appreciated value, the appreciated value, if any, is multiplied by the DEPARTMENT's proportional share of the project development cost.

7.06 Non-recourse Loan

This award is a non-recourse loan to the RECIPIENT, its officers, employees, agents and contractors. Nothing, however, shall diminish the RECIPIENT's liability for damages or deficiencies resulting from fraud, waste, material misrepresentation, and misappropriation of rents.

7.07 Target Population

For the fifty-year length of commitment, persons served will earn no more than 50% of the median income for the Tacoma PMSA, as adjusted annually by the United States Department of Housing and Urban Development with no less than six units serving people with incomes at or below 30% of the median income. Any rents charged to tenants shall not exceed 30% of their income.

7.08 Title Insurance

The RECIPIENT shall purchase title insurance naming RECIPIENT and the DEPARTMENT as beneficiaries in an amount not less than replacement value of the property.

7.09 Property and Casualty Insurance

The RECIPIENT shall at all times keep the Project insured against loss by fire and such other hazards, casualties, liabilities, and contingencies. Property insurance policies shall be in the amount of replacement value of the property and shall name the DEPARTMENT as an additional loss payee. Liability insurance policies shall be in the amount of \$1 million (\$1,000,000) and shall name the DEPARTMENT as additionally insured.

7.10 Subordination

The subject loan may be subordinated with the permission and approval of the the DEPARTMENT.

7.11 Reimbursement

Drawdowns of HAP funds will be made on a reimbursement basis for costs incurred after formal execution of this contract. The RECIPIENT shall provide, at the time of drawdown, appropriate documentation to support all costs claimed.

7.12 Comprehensive Management Plan

The RECIPIENT shall provide, by project opening, a Comprehensive Service Delivery Plan and a Comprehensive Management Plan for the operation of the property.

The services plan shall detail all services provided to tenants, including but not limited to: case management; psychiatric and medical services; the plan for achieving a transition to permanent housing; training and education programs, employment assistance, financial management training, housing referral services, and other services provided for achieving a transition to permanent housing; service coordination with participating service providers; and, all letters of agreement and/or contractual agreements between participating service providers and the RECIPIENT.

The management plan shall address, but not be limited to, tenant selection, length of stay, tenant rights and responsibilities, maintenance plans and schedules, rent subsidies provided to tenants, and description of cash management system to be used.

VERY LOW-INCOME: 50% OR LESS OF AREA MEDIAN
INCOME LIMITS IN WASHINGTON STATE
(HUD 2-1-91)

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
COUNTY: ISLAND	10,400	12,100	13,650	15,150	16,350	17,550	18,800	20,000
COUNTY: JEFFERSON	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: KITTIKAT	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: LEWIS	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: LINCOLN	11,250	12,900	14,500	16,100	17,400	18,700	19,950	21,250
COUNTY: MASON	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: OKANOGAN	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: PACIFIC	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: PEND OREILLE	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: SAN JUAN	10,600	12,100	13,650	15,150	16,350	17,550	18,800	20,000
COUNTY: SKAGIT	10,650	12,150	13,700	15,200	16,400	17,650	18,850	20,050
COUNTY: SKAMANIA	11,450	13,100	14,700	16,350	17,650	18,950	20,250	21,400
COUNTY: STEVENS	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: WANKIAKUM	11,450	13,100	14,700	16,350	17,650	18,950	20,250	21,400
COUNTY: WALLA WALLA	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: WHITMAN	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750

**VERY LOW-INCOME: 50% OR LESS OF AREA MEDIAN
INCOME LIMITS IN WASHINGTON STATE
(HUD 2-1-91)**

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
MSA: BELLINGHAM	11,800	13,500	15,150	16,850	18,200	19,550	20,900	22,250
MSA: BREMERTON	12,750	14,350	16,400	18,200	19,650	21,100	22,550	24,000
MSA: OLYMPIA	11,750	13,450	15,100	16,800	18,150	19,500	20,850	22,200
MSA: RICHLAND-KENNEWICK-PASCO	14,650	16,750	18,850	20,950	22,650	24,300	26,000	27,650
PMSA: SEATTLE *	15,350	17,550	19,750	21,950	23,700	25,450	27,200	28,950
MSA: SPOKANE	11,400	13,050	14,650	16,300	17,600	18,900	20,200	21,500
PMSA: TACOMA	12,250	14,000	15,750	17,500	18,900	20,300	21,700	23,100
PMSA: VANCOUVER	13,000	14,900	16,750	18,600	20,100	21,600	23,050	24,550
MSA: YAKIMA	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: ADAMS	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
COUNTY: ASOTIN	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: CHELAN	11,150	12,700	14,300	15,900	17,150	18,450	19,700	21,000
COUNTY: CLALLAM	10,800	12,350	13,900	15,450	16,700	17,900	19,150	20,400
COUNTY: COLUMBIA	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: COMOX	11,500	13,150	14,800	16,450	17,750	19,100	20,400	21,700
COUNTY: DOUGLAS	11,250	12,900	14,500	16,100	17,600	18,700	19,750	21,250
COUNTY: FERRY	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: GARFIELD	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: GRANT	10,450	11,950	13,450	14,950	16,150	17,350	18,550	19,750
COUNTY: GRAYS HARBOR	11,150	12,750	14,350	15,950	17,250	18,500	19,800	21,050

* INCLUDES EVERETT/SNOHOMISH COUNTY

FIRST AMENDMENT
TO HOUSING TRUST FUND PROGRAM (HTF) CONTRACT NUMBER 2-92-410-18A
BETWEEN WASHINGTON STATE DEPARTMENT OF COMMUNITY
DEVELOPMENT AND VETERANS INDEPENDENT ENTERPRISES

Whereas development delays have resulted in failure of the project to meet the original Time of Performance deadline of August 31, 1993, as specified in Contract Number 2-92-410-18A, and whereas Veterans Independent Enterprises (VIEW) has successfully completed more than eighty-seven percent of the development activities prior to the August 31, 1993 deadline, the Washington State Department of Community Development (referred to as the DEPARTMENT), and Veterans Independent Enterprises (referred to as the RECIPIENT) agree to amend the Housing Trust Fund (HTF) Contract Number 2-92-410-18A as follows:

Revise SECTION 5.03 TIME OF PERFORMANCE to read:

5.03 Time of Performance

The activities described in the RECIPIENT's APPROVED HOUSING TRUST FUND APPLICATION, and payable under this contract shall commence within six months from the date and year this contract is fully executed by both parties, and shall be completed by December 31, 1994 in accordance with the work plan and schedule found in the APPROVED HOUSING TRUST FUND APPLICATION. Upon expenditure of all HTF funds, a Phase I financial closeout report and audit will be required.

The parties to Contract Number 2-92-410-18A have executed this amendment as of the date and year last written below.

DEPARTMENT OF COMMUNITY DEVELOPMENT RECIPIENT

Name _____

Name _____

Title _____

Title _____

Date _____

Date _____

Approved as to Form by the
Assistant Attorney General

Jen Thomas
Name _____
11/16/93
Date _____